GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3252
ANSWERED ON:08.12.2000
GUIDELINES FOR VENTURE CAPITAL FUNDS
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Will the Minister of FINANCE be pleased to state:

(a) whether the Government have announced modifications in the guidelines for venture capital funds recently;

(b) if so, the details of the guidelines;

(c) whether these guidelines have greater impact on the industry and trade; and

(d) if so, to what extent the industry has welcomed the measure?

Answer

MINISTRY OF STATE IN THE MINISTRY OF FINANCE (BALASAHEB VIHE PATIL)

(a) & (b) The Government has recently approved modifications in the guidelines for Venture Capital Funds (VCFs), deleting the mandatory exit requirement which had stipulated that VCFs registered with theSecurities and Exchange Board of India (SEBI) would have to disinvest within a period of one year from the listing of the Venture Capital Undertaking (VCU) in order to avail of tax pass through.

(c) This change in guidelines has further liberalised the regulatory environment for the venture capital industry.

(d) It is understood that industry has reacted favourably to these changes.